



HealthChoice and Acute Care Administration  
Division of HealthChoice Management and Quality Assurance

Submitted By:  
Delmarva Foundation

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**Health Choice**



## Quality of Care Audit

## HealthChoice Program Executive Summary

Calendar Year 2002



## Maryland Medical Assistance HealthChoice Program Evaluation of Participating Managed Care Organizations for Calendar Year 2002

### Executive Summary

#### Introduction

The Maryland Department of Health and Mental Hygiene (DHMH) is required to annually evaluate the quality of care provided to Maryland Medical Assistance enrollees in HealthChoice Managed Care Organizations (MCOs). DHMH, pursuant to Title 42, Code of Federal Regulations, Part 434.53, is responsible for monitoring the quality of care provided to MCO enrollees when rendered pursuant to the Code of Maryland Regulations (COMAR) 10.09.65.

Under Federal law (Section 1932(c)(2)(A)(i) of the Social Security Act), DHMH is required to contract with an External Quality Review Organization (EQRO) to perform an independent annual review of services furnished under each MCO contract. To ensure that the services provided to the enrollees meet the standards set forth in the regulations governing the HealthChoice Program, DHMH contracts with Delmarva Foundation for Medical Care, Inc. (Delmarva) to serve as the EQRO. This executive summary describes the findings from the two areas reviewed -- the systems performance and the Healthy Kids Quality Monitoring Program -- for calendar year (CY) 2002, which is HealthChoice's fifth year of operation. The HealthChoice program served approximately 465,000 enrollees during this period. A description of the corrective action process is included.

COMAR 10.09.65 establishes compliance standards for the annual systems performance review. MCOs are given an opportunity to review and comment on the systems performance review standards before the start of the audit process. The six MCOs evaluated for CY 2002 are:

- AMERIGROUP Maryland, Inc. (AGM)
- Helix Family Choice, Inc. (HFC)
- Jai Medical Systems, Inc. (JMS)
- Maryland Physicians Care (MPC)
- Priority Partners (PPMCO)
- United Healthcare of the Mid-Atlantic, Inc. (UHC)

Delmarva visits each MCO annually to complete an objective assessment of the structure, process, and outcome of each MCO's internal quality assurance program. This on-site assessment involves the application of systems performance standards, as required by COMAR 10.09.65.03; an evaluation of each MCO's health education plan; an evaluation of each MCO's outreach plan as required in COMAR 10.09.65.25, and an evaluation of each MCO's claims reimbursement system. DHMH staff conducts the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) review as a component of the Maryland Healthy Kids Quality Monitoring Program. The results of the EPSDT review of 3,900 medical records and a summary of the corrective action plan process are included in this report.

## Systems Performance Review Results

The HealthChoice MCO annual systems performance review consists of 19 standards. For the CY 2002 review, seven of 19 standards were exempted. In CY 2002, Delmarva and DHMH made modifications to the standards based upon feedback received from the MCOs following the CY 2001 review. The standards exempted from review during CY 2002 included those areas where the MCOs had previously met the required minimum compliance rates. The standards exempted include requirements associated with a written quality assurance (QA) plan, an active QA committee, QA program supervision, provider participation in the QA program, delegation of QA activities, and medical record standards. Several new elements were evaluated as part of the 12 standards reviewed in the CY 2002 review. Determinations for these new items are collected as baseline measurements and not included in the overall score calculations for the systems performance review as a whole. New items reviewed included the MCO's:

- Inclusion of HEDIS and CAHPS data in the trending of clinical and service indicators.
- Monitoring of reports from delegated entities for oversight of contractual activity.
- Use of Health Risk Assessment (HRA) data to ensure the appropriate initiation of care.
- Acceptance and payment of claims in accordance with the Insurance Article of the Annotated Code of Maryland §15-1005.

All six HealthChoice MCOs participated in the systems performance review. In areas where deficiencies were noted, the MCOs were provided recommendations that if implemented, should improve their performance for future reviews. All required CAPs were submitted and deemed adequate.

Table 1 displays each of the systems performance standards with the minimum compliance ratings as defined in COMAR 10.09.65.03 for the reviews during years three (CY 2000), four (CY 2001), and five (CY 2002).

**Table 1. Performance Standards Compliance Rates**

| Performance Standard | Standard Description    | COMAR Requirement Year Three (CY 00) | COMAR Requirement Year Four (CY 01) | COMAR Requirement Year Five (CY 02) |
|----------------------|-------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| 1                    | Written Quality Plan    | 100%                                 | Exempt                              | Exempt                              |
| 2                    | Systematic Process      | 100%                                 | 100%                                | 100%                                |
| 3                    | Governing Body          | 100%                                 | 100%                                | 100%                                |
| 4                    | Active QA Committee     | 100%                                 | Exempt                              | Exempt                              |
| 5                    | QA Plan Supervision     | 100%                                 | Exempt                              | Exempt                              |
| 6                    | Adequate Resources      | 100%                                 | Exempt                              | Exempt                              |
| 7                    | Provider Participation  | 100%                                 | Exempt                              | Exempt                              |
| 8                    | Delegation of QA Plan   | 100%                                 | Exempt                              | Exempt                              |
| 9                    | Credentialing           | 100%                                 | 100%                                | 100%                                |
| 10                   | Enrollee Rights         | 100%                                 | 100%                                | 100%                                |
| 11                   | Availability and Access | 100%                                 | 100%                                | 100%                                |
| 12                   | Medical Records         | 100%                                 | Exempt                              | Exempt                              |
| 13                   | Utilization Review      | 100%                                 | 100%                                | 100%                                |
| 14                   | Continuity of Care      | 100%                                 | 100%                                | 100%                                |
| 15                   | QA Documentation        | 100%                                 | 100%                                | 100%                                |
| 16                   | Coordination of QA      | 100%                                 | 100%                                | 100%                                |

Table 2 provides for a comparison of system performance review results across MCOs and the MCO aggregate for the CY 2002 review. The CY 2001 aggregate scores are included for comparative purposes. As stated in Table 1, CY 2002 minimum compliance is 100% for all reviewed standards.

**Table 2. CY 2002 MCO Compliance Rates**

| Performance Standard | Description                  | MCO Aggregate CY 2001 | MCO Aggregate CY 2002 | AGM         | HFC         | JMS    | MPC         | PP          | UHC         |
|----------------------|------------------------------|-----------------------|-----------------------|-------------|-------------|--------|-------------|-------------|-------------|
| 1                    | Written Quality Plan         | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 2                    | Systematic Process           | 100%                  | 100%                  | 100%        | 100%        | 100%   | 100%        | 100%        | 100%        |
| 3                    | Governing Body               | <b>82%*</b>           | <b>83%*</b>           | 100%        | 100%        | 100%   | 100%        | <b>90%*</b> | <b>10%*</b> |
| 4                    | Active QA Committee          | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 5                    | QA Plan Supervision          | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 6                    | Adequate Resources           | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 7                    | Provider Participation       | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 8                    | Delegation of QAP Activities | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 9                    | Credentialing                | <b>98%*</b>           | <b>98%*</b>           | <b>99%*</b> | 100%        | 100%   | 100%        | 100%        | <b>91%*</b> |
| 10                   | Enrollee Rights              | <b>99%*</b>           | <b>96%*</b>           | 100%        | 100%        | 100%   | 100%        | 100%        | <b>74%*</b> |
| 11                   | Availability and Access      | 100%                  | <b>97%*</b>           | 100%        | 100%        | 100%   | 100%        | 100%        | <b>81%*</b> |
| 12                   | Medical Records              | Exempt                | Exempt                | Exempt      | Exempt      | Exempt | Exempt      | Exempt      | Exempt      |
| 13                   | Utilization Review           | <b>99%*</b>           | <b>94%*</b>           | <b>92%*</b> | <b>96%*</b> | 100%   | <b>96%*</b> | <b>92%*</b> | <b>85%*</b> |
| 14                   | Continuity of Care           | 100%                  | <b>94%*</b>           | 100%        | 100%        | 100%   | 100%        | 100%        | <b>67%*</b> |
| 15                   | QA Documentation             | 100%                  | 100                   | 100%        | 100%        | 100%   | 100%        | 100%        | 100%        |
| 16                   | Coordination of QA           | 100%                  | 100                   | 100%        | 100%        | 100%   | 100%        | 100%        | 100%        |

\*Denotes that the minimum compliance rate was unmet



Each standard that was reviewed as part of the CY 2002 audit is discussed in the following section.

### **Systematic Process of Quality Assessment/Improvement**

All MCOs continue to have processes in place to monitor and evaluate the quality and appropriateness of care and service to members using performance measures. Clinical care standards and/or practice guidelines are in place. Appropriate clinicians monitor and evaluate quality through review of individual cases where there are questions about care. There is evidence of development, implementation, and monitoring of corrective actions.

- The MCO aggregate compliance rate remained at 100% for CY 2002.

### **Accountability to the Governing Body**

The governing body of the MCO must perform specific functions that include: oversight of the MCO, approval of the overall Quality Assurance (QA) Program and annual QA Plan, formally designate an accountable entity or entities to provide oversight of the QA activities when not directly performed by the governing body, and receipt of routine reports related to the QA Program.

- The MCO aggregate compliance rate increased from 82% in CY 2001 to 83% in CY 2002.

Two MCOs demonstrated opportunity for improvement in documenting their respective governing bodies' oversight of the QA Program, adherence to their internally established policies and procedures, and the governing bodies' associated functions. One MCO failed to present governing body meeting minutes to demonstrate compliance with this standard.

### **Credentialing and Recredentialing**

All MCOs have provisions to determine whether physicians and other health care professionals, licensed by the State and under contract to the MCO, are qualified to perform their services. Such provisions include a plan that contains written policies and procedures for initial credentialing and recredentialing and evidence that these policies and procedures are functioning effectively.

- The MCO aggregate compliance rate remained at 98% for CY 2002.

Two MCOs received scores that indicate slight declines from CY 2001. Two MCOs had difficulty providing the documentation on the EPSDT certification of their network providers by the Healthy Kids Program. One MCO did not provide evidence that the MCO requests information about the practitioner from recognized monitoring organizations. One MCO was deficient in retaining copies of all required documentation in some of the credentialing files reviewed.

### **Enrollee Rights**

The MCOs have processes in place that demonstrate a commitment to treating members in a manner that acknowledges their rights and responsibilities. All MCOs have appropriate policies and procedures in place and educate enrollees on their complaint, grievance, and appeals processes.

- The MCO aggregate compliance rate decreased from 99% in CY 2001 to 96% in CY 2002.

One MCO was unable to demonstrate through its policies and procedures or operational reports that information is being collected and documented on complaints and grievances. The MCO did not provide a policy that defines how member information is developed and distributed. The MCO produced a policy regarding the treatment of minors that did not comply with all of the provisions within Maryland's regulations. The MCO did not communicate the results of member satisfaction surveys to the provider network.

### **Availability and Accessibility**

The MCOs have established standards for ensuring access to care and have fully implemented a system to monitor performance against these standards.

- The MCO aggregate compliance rate decreased from 100% in CY 2001 to 97% in CY 2002.

One MCO did not provide required information in the provider directory which indicates all restrictions that providers have in place to limit their HealthChoice member panel. Additionally, the MCO did not provide the policy and procedure that guides delegation oversight.

### **Utilization Review**

The MCOs have written utilization management plans that describe procedures to evaluate medical necessity, criteria used, information sources, and the processes used to review and approve the provision of medical services. Qualified medical personnel supervise decisions. The MCOs have implemented mechanisms to detect over and under utilization of services. Overall, policies and procedures are in place for providers and enrollees to appeal decisions.

- The MCO aggregate compliance rate decreased from 99% in CY 2001 to 94% in CY 2002.

### **Continuity of Care**

The findings, conclusions, actions taken, and results of actions taken as a result of the MCO's QA activity are documented and reported to appropriate individuals within the MCO's structure and through the established QA channels. All MCOs have allocated resources, such as automated tracking methodologies, that facilitate communication between members, primary care providers (PCPs), other health care professionals, and the MCO's care coordinators.

- The MCO aggregate compliance rate decreased from 100% in CY 2001 to 94% in CY 2002.

One MCO did not have policies and procedures in place to coordinate care with other appropriate agencies or institutions (e.g., school health programs, other Medical Assistance programs). Additionally, one MCO did not include a process for: gathering HRA data, conducting ongoing analysis, and following-up appropriately on identified issues. Undated or unsigned policies that may have met the requirements of the review were presented for review, but were not accepted as in effect during CY 2002.

### **QA Program Documentation**

All of the MCOs are monitoring the quality of care across all services and all treatment modalities according to their respective QA Programs.

- The MCO aggregate compliance rate remained at 100% for CY 2002.

### **Coordination of QA Activities with Other Management Functions**

The MCOs are documenting and reporting the findings, conclusions, actions taken, and results of actions taken as a result of quality activity to the appropriate individuals and committees within their organizations. Policies and procedures and a review of files support that quality information is used in recredentialing, recontracting and/or performance evaluations, and those quality activities are coordinated with other performance monitoring activities.

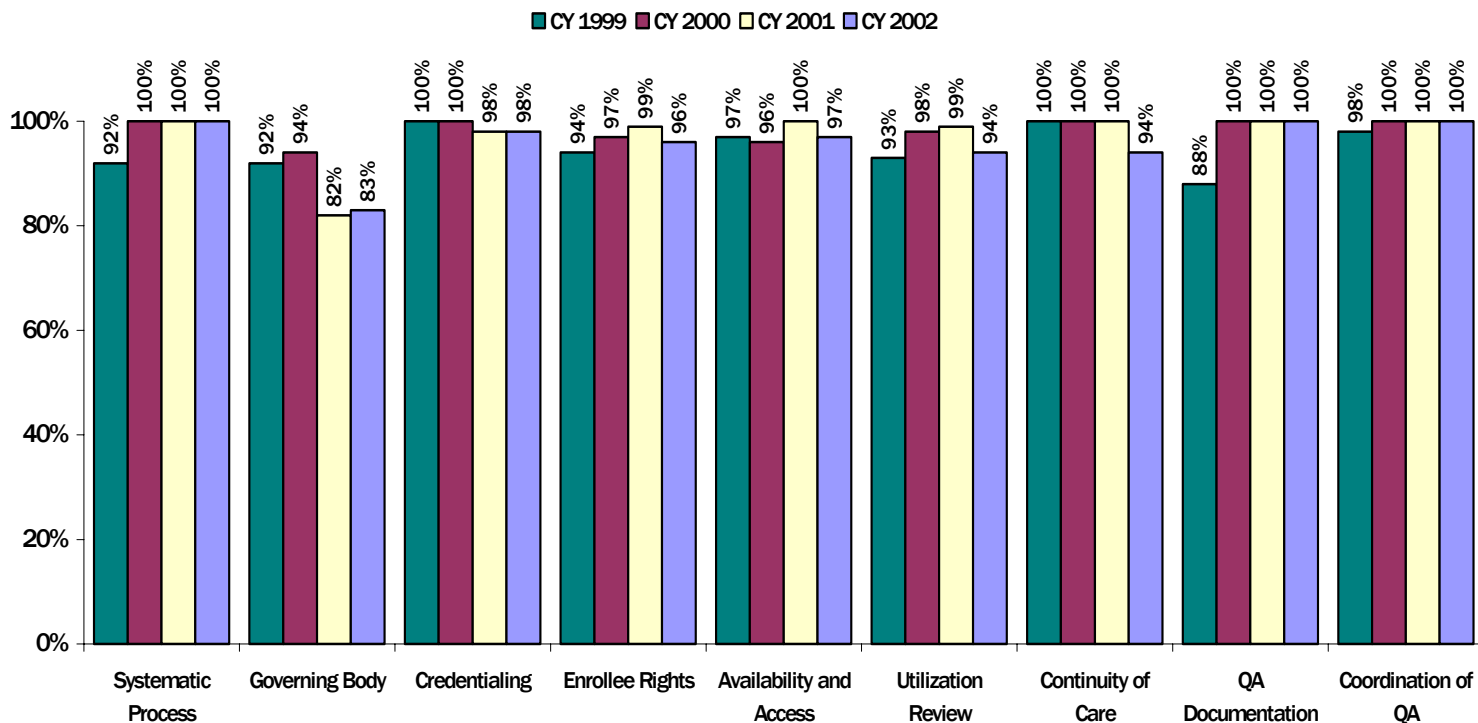
- The MCO aggregate compliance rate remained at 100% for CY 2002.

Figure 1 is a comparison of the HealthChoice systems performance compliance rates for standards evaluated in the CY 1999 through CY 2002 reviews. Between CY 2001 and CY 2002, the aggregate compliance rate remained unchanged for four standards; increased for one standard; and decreased for four standards.

For CY 2002, the MCOs met the minimum compliance rate of 100% for three of the nine system performance review standards. Three of the remaining standards met or exceeded 95%. Four standards decreased from CY 2001; enrollee rights, 99% in CY 2001 and 96% in CY 2002 and availability and access, 100% in CY 2001 and 97% in CY 2002. Utilization review exhibited a decline from 99% in CY 2001 to 94% in CY 2002 and continuity of care, 100% in CY 2001 decreased to 94% in CY 2002.

Overall, the HealthChoice aggregate scores for the standards declined slightly in CY 2002. These changes are largely the result of one MCO's decrease in performance. The reduction in performance is likely due to multiple reorganizations that occurred during CY 2002. It is anticipated that in CY 2003, the trend of improvement at this MCO will be re-established and thus the HealthChoice aggregate scores should improve in the next review cycle.

**Figure 1. HealthChoice Aggregate Systems Performance Compliance Rates for CY 1999 through CY 2002**



### Health Education Plan Review

Each MCO is required to develop an annual health education plan to address the educational programs and health care services to enrollees. Delmarva evaluated each MCO's health education plan as part of the systems performance review. The CY 2002 aggregate rate for health education plan is 95%. While this rate met the minimum compliance rate of 70%, the aggregate rate declined slightly from CY 2001 (99%).

**Table 3. Health Education Plan Compliance Rates**

| Description           | Review Year | Minimum Compliance Rate | AGM  | HFC  | JMS  | MPC  | PP   | UHC |
|-----------------------|-------------|-------------------------|------|------|------|------|------|-----|
| Health Education Plan | CY 2002     | 70%                     | 100% | 100% | 100% | 100% | 93%  | 76% |
|                       | CY 2001     | 70%                     | 100% | 100% | 100% | 100% | 100% | 96% |
|                       | CY 2000     | 70%                     | 100% | 93%  | 100% | 93%  | 100% | 93% |
|                       | CY 1999     | 70%                     | 97%  | 80%  | 100% | 100% | 90%  | 87% |

As Table 3 indicates, all MCOs met the minimum compliance rate of 70%. Four MCOs maintained a compliance rate of 100% for CY 2002. Two MCOs exhibited a decline from the CY 2001 rates.

### Outreach Plan Review

COMAR 10.09.65.25 requires each MCO to develop an annual written outreach plan to address outreach services to HealthChoice enrollees. During the CY 2002 audit, the development of the outreach plan was not scored, only the implementation. The minimum acceptable compliance rate is 70% for the CY 2002 outreach plan implementation. The MCO rate for all outreach plans was 100%.

As noted in the Table 4, all MCOs exceeded the minimum compliance rate of 70% for the CY 2002 review of the implementation of the outreach plan.

**Table 4. Outreach Plan Compliance Rates**

| Description  | Minimum Compliance Rate | AGM  | HFC  | JMS  | MPC  | PP   | UHC  |
|--|-------------------------|------|------|------|------|------|------|
| CY 2002 Outreach Plan (Implementation Only)          | 70%                     | 100% | 100% | 100% | 100% | 100% | 100% |
| CY 2001 Outreach Plan (Development & Implementation) | 70%                     | 100% | 100% | 100% | 100% | 100% | 100% |
| CY 2000 Outreach Plan (Implementation Only)          | 70%                     | 67%* | 91%  | 100% | 100% | 100% | 91%  |

\* Denotes that the minimum compliance rate was unmet.

### Claims Payment Review

COMAR 31.10.11.08; 31.10.11.09, and Insurance Article §15-1005 of the Annotated Code of Maryland require that each MCO develop a process for the timely payment of claims and that each MCO pay interest on those claims paid beyond the time limit required by regulation. Additionally each MCO is required to report the acceptance and payment of all claims to the Maryland Insurance Administration on the Semi-Annual Claims Data Filing Form. This element is new for the CY 2002 SPR and as such was reviewed and reported as baseline data. The minimum acceptable compliance rate is 70% for the Claims Payment Review for CY 2002. The aggregate MCO compliance rate for this standard was 76%.

**Table 5. Claims Payment Compliance Rates**

| Description            | AGM  | HFC | JMS | MPC | PP  | UHC |
|------------------------|------|-----|-----|-----|-----|-----|
| CY 2002 Claims Payment | 100% | 80% | 75% | 75% | 70% | 55% |

### Healthy Kids Quality Monitoring Program Results

The overall compliance rates for the results of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) focused medical record review are based on a review of five separate areas. These are:

- Health and Developmental History
- Comprehensive Physical Examination
- Laboratory Tests
- Immunizations
- Health Education/Anticipatory Guidance

This Program requires each MCO to meet a minimum composite compliance rate of 80%. Findings related to key indicators for the Healthy Kids (EPSDT) review for CY 2002 are described below in Table 6.

**Table 6. Healthy Kids Indicator Results by MCO**

| MCO             | Health & Developmental History | Comprehensive Physical Examination | Laboratory Tests | Immunizations | Health Education/Anticipatory Guidance | Composite Score |
|-----------------|--------------------------------|------------------------------------|------------------|---------------|--|-----------------|
| AGM             | <b>78%*</b>                    | 88%                                | <b>54%*</b>      | 86%           | <b>78%*</b>                            | 81%             |
| HFC             | 81%                            | 92%                                | <b>67%*</b>      | 89%           | 84%                                    | 85%             |
| JMS             | 92%                            | 99%                                | 93%              | 96%           | 98%                                    | 96%             |
| MPC             | 82%                            | 91%                                | <b>62%*</b>      | 85%           | 84%                                    | 84%             |
| PP              | 80%                            | 88%                                | <b>58%*</b>      | 86%           | <b>79%*</b>                            | 82%             |
| UHC             | <b>76%*</b>                    | 89%                                | <b>53%*</b>      | 87%           | <b>79%*</b>                            | 81%             |
| Aggregate Score | <b>79%*</b>                    | 89%                                | <b>58%*</b>      | 87%           | 80%                                    | 82%             |

\* Denotes that the minimum compliance rate of 80% was unmet

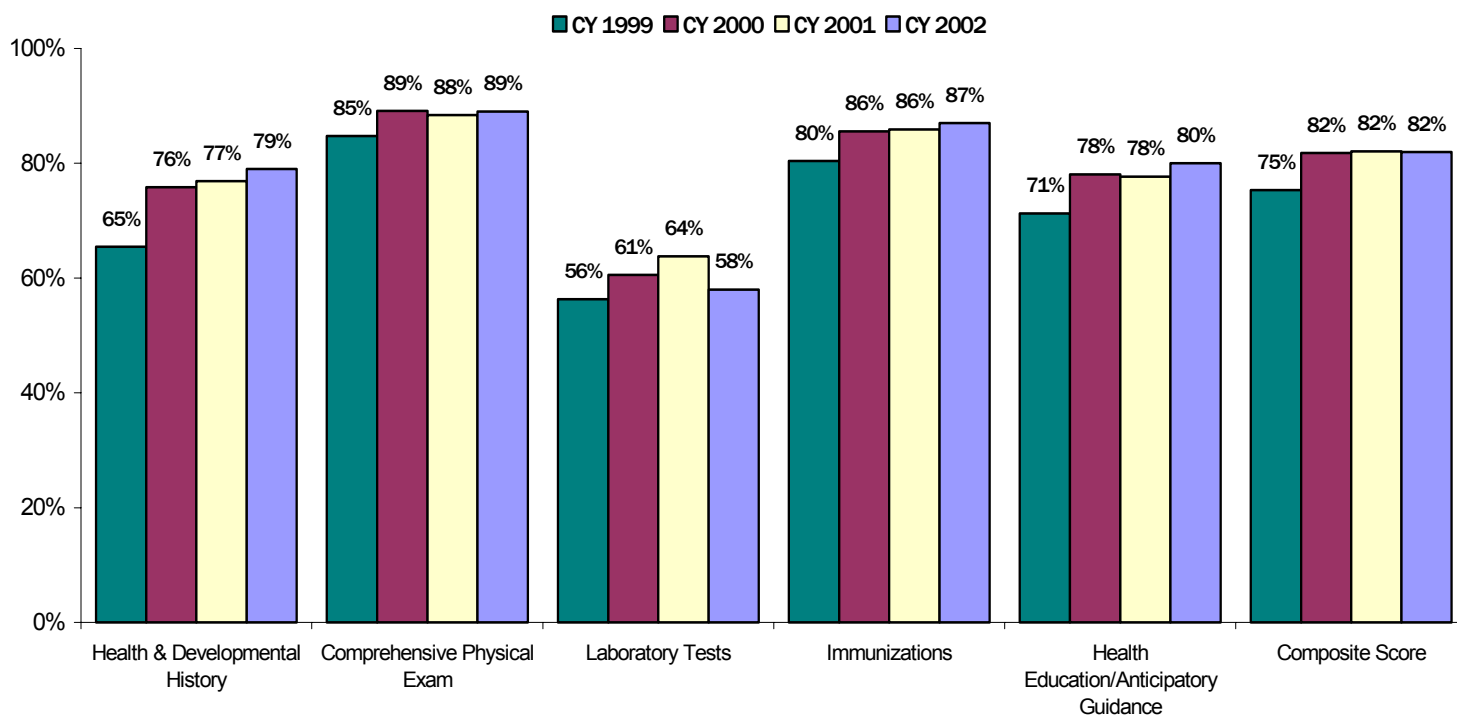


Analyses of the review components in the EPSDT focused medical record review show that:

- All six MCOs exceeded the 80% composite compliance rate.
- One MCO exceeded the 80% compliance rate for all review areas.
- All MCOs met or exceeded the 80% compliance rate for comprehensive physical examinations and immunizations.
- Health Education/Anticipatory Guidance and Health and Developmental History rates for each MCO are above 75%.
- One MCO achieved a 93% compliance rate for laboratory tests.

Figure 2 compares the review results by MCO for CY 1999 through CY 2002. HealthChoice MCOs have demonstrated improvement over the 1999 composite rates for the Healthy Kids (EPSDT) review.

**Figure 2. HealthChoice Aggregate Rates for Healthy Kids Program Review (EPSDT)  
Indicators for CY 1999 through CY 2002**



- Improvement was noted for all indicators between CY 1999 and CY 2002, except laboratory tests.
- Health and Developmental History improved 14% between CY 1999 and CY 2002.
- Four of five indicators improved in CY 2002 over CY 2001.

## **Corrective Action Plan (CAP) Process**

Each year the CAP process is discussed during the annual audit orientation meeting. This process requires that, in response to the preliminary report results, each MCO must submit a CAP which details the actions to be taken to correct any deficiencies identified during the systems performance review and the Maryland Healthy Kids Quality Monitoring Program review. CAPs must be submitted within 45 calendar days of receipt of the preliminary report. The CAPs are evaluated by Delmarva and the Healthy Kids Program to determine whether the plans are acceptable. In the event that a CAP is deemed unacceptable, Delmarva and the Healthy Kids Program will provide technical assistance to the MCO until an acceptable CAP is submitted. All MCOs have submitted adequate CAPs for the areas where deficiencies occurred for CY 2002.

## **Systems Performance Review CAPs**

A review of all required systems performance standards, health education, outreach plans, and claims payment policies and procedures is completed annually for each MCO unless the MCO has full NCQA accreditation status. Since CAPs related to the systems performance review can be directly linked to specific components or standards, the annual systems performance review for CY 2003 will determine whether or not the CAPs have been implemented and are effective. In order to make this determination, Delmarva will evaluate all data collected or trended by the MCO through the monitoring mechanism established in the CAP. In the event that an MCO has not implemented or followed through with the tasks identified in the CAP, DHMH's HealthChoice and Acute Care Administration will be notified for further action.

## **Conclusion**

Generally all MCOs have demonstrated the ability to design and implement effective quality assurance systems, health education plans, and outreach services. The declines noted in HealthChoice aggregate performance rates again are likely the result of reorganizations at one HealthChoice MCO. The review team is confident that the deficiencies noted are the result of these reorganizations and that the CY 2003 review will re-establish the trend of consistent high performance on the systems performance review.

The Healthy Kids Program results exhibit MCO compliance with each MCO achieving a composite score above the 80% requirement. Continued cooperation between the Healthy Kids Program Nurse Consultant team and the HealthChoice MCOs has also demonstrated improvements in four of the five indicator scores in CY 2002.

Maryland has set high standards for MCO quality assurance systems. In general, HealthChoice MCOs continue to make improvements in their quality assurance monitoring policies, procedures, and processes while working to provide the appropriate levels and types of health care services to managed care enrollees. This is evident in the comparison of annual system performance review results and Healthy Kids Program results demonstrated throughout the history of the HealthChoice Program.